



Citizen/Outreach Committee Meeting
Monday, January 12, 2004
2:00 p.m.
7th & Franklin Building
Richmond, Virginia 23219

APPEARANCES

H. Ronnie Montgomery, Chairman
Claude B. Owen, Jr., Vice-Chairman
Thomas W. Arthur
Clarence D. Bryant, III
Fred M. Fields
Harrison A. Moody
Edward Owens
John M. Stallard
John T. Taylor
The Honorable Mary Sue Terry
The Honorable Gary D. Walker

Commission Staff

Carthan F. Currin, III, Executive Director
Tim Pfohl; Grants Program Administration Manager
Britt Nelson, Grants Coordinator – Southside Virginia
Attorney General's Office
Anne Marie Cushmac, Senior Assistant Attorney General

MR. MONTGOMERY: I want to welcome everyone to our meeting today. Carthan is handing out a letter that I want everyone to take a look at. You need to call roll Carthan?

MR. CURRIN: Mr. Arthur?

MR. ARTHUR: Here.

MR. CURRIN: Mr. Bryant?

MR. BRYANT: Here.

MR. CURRIN: Mr. Fields?

MR. FIELDS: Here.

MR. CURRIN: Mr. Moody?

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1 MR. MOODY: Here.

2 MR. CURRIN: Mr. Owen?

3 MR. OWEN: Here.

4 MR. CURRIN: Mr. Owens?

5 MR. OWENS: Here.

6 MR. CURRIN: Mr. Stallard?

7 MR. STALLARD: Here.

8 MR. CURRIN: Mr. Taylor?

9 MR. TAYLOR: Here.

10 MR. CURRIN: Ms. Terry?

11 MR. TERRY: Here.

12 MR. CURRIN: Mr. Walker?

13 MR. WALKER: Here.

14 MR. CURRIN: Mr. Chairman?

15 MR. MONTGOMERY: Here.

16 MR. CURRIN: Mr. Thompson?

17 MR. THOMPSON: (No response)

18 MR. CURRIN: You have a quorum.

19 MR. MONTGOMERY: Then we can proceed.

20 MR. CURRIN: I'm having this letter handed out to you that was sent out
21 earlier so if you didn't bring it you'll have it here again with you. In your packets also and
22 the staff prepared this for you and it's on our website. In here there's also some information
23 on programs in North Carolina and Kentucky. To some degree, both of those states have
24 tobacco programs that are funded as we are through the master settlement agreement and I
25 thought that would be of interest to you. In addition, there are copies of all the application
26 instructions to each of the committees that are currently in place right now and they're in
27 your packet as well. Since we're discussing this process and the framework, I thought that
28 would be helpful to have that as a reference as we deliberate here this afternoon.

29 For some of the new Commission members, you all may recall the current
30 Commission was created by the General Assembly in 1999 and I was appointed in
31 November of 1999 and given the statute it basically said good luck. There was no basic
32 framework in place as those of you that were on the Commission in the early days
33 remember. The committee process evolved accordingly along with the full Commission.
34 When we started, we had two economic committees; one for Southside and one for
35 Southwest. Earlier on in fiscal year 2000, we had several projects come to our attention and
36 it was felt by the Commission at that time that a special projects committee should be
37 created to address issues like Crop Tech or Virginia Tech Bioinformatics Program and
38 projects that span both regions and there were different than normal type economic
39 development requests that would come before the Commission.

40 Currently we have 12 committees that comprise the Commission. For a body
41 as large and diverse as we are and if you look at the proposed funding allocations and the
42 long-range plan, you'll see how the Commission is structured and how the committees
43 answer to the planning and strategies in that plan. I think the committee structure currently
44 in place reflects adequately what the Governor's charge to us was when we created the long-
45 range plan. Through the committee structure, staff has worked to build a stronger and more
46 robust grant application process. Some of these committees are more active than others.
47 There's the Personnel Committee, the Procurement Committee, they do not meet that
48 frequently and others are much more active. Southwest, Special Projects, Southside,

1 Agribusiness, Education, Technology all have dollars associated with those committees
2 through the Commission in the budgetary process. Also just as a reminder, to date all the
3 committees that have funding responsibilities have an application process associated with
4 those committees except technology. That's something we need to have in place. It hasn't
5 been as necessary because we already knew our major initiatives in Southwest and
6 Southside but as other things crop up in that subject of technology, we need a process that
7 you all are comfortable with and can support.

8 MR. MONTGOMERY: Is the Long Range Planning Committee still active?

9 MR. CURRIN: Yes, it's not been active but Delegate Byron chairs that
10 committee. I recommended to the Chairman that after the long range task force did its
11 business and submitted the long range plan we have in place now, we still needed something
12 to continue to work with a living document because as you all have charged us, a long range
13 plan after it's completed that should not be the end of it. If you want to make it effective,
14 things change and it may have to change. So that's why that is there.

15 As I understand it, the Chairman's charge to this Citizen Outreach Committee
16 is to look at a process and how the Commission addresses its funding request for example.
17 To ensure that the requests are given enough time and consideration based on merit and to
18 enhance the grant review process so we can best serve both regions.

19 The process is obviously important and we are a public body charged with a
20 very significant responsibility by the General Assembly of Virginia. This Commission has
21 been charged with funding allocations that represents the 34 counties and seven cities. To
22 quote Secretary Schewel as we talk about the process and due diligence, we must be mindful
23 of bureaucratic creep. Those of us that have served in government know all too well that can
24 sometimes enter the process.

25 The Committee has several issues to explore and many questions to try to
26 answer and here are a few examples of what may come out of this meeting this afternoon.
27 How can we streamline our process that's currently in place, should we establish set times
28 for turnaround processes within each committee as we have for our Economic Development
29 Committees, should the Commission limit the type of projects from which we will accept
30 applications in a given year, should each committee focus on their efforts on one main issue
31 per year, and should we make changes on how we fund or what we fund?

32 Beginning in fiscal year 2004 we were committing more funding and grants
33 than in the past years. This boost in resources translates to an increased responsibility and
34 accountability for the Commission and the Commission staff. With more grant funds, staff
35 will have more site visits and review a greater amount of information. In the long term, this
36 means working with more organizations and more communities for future requests for
37 Commission dollars. It's important we have a staff to handle the added responsibilities that
38 we're taking on.

39 With this in mind, the Governor for one and this Commission has agreed to
40 fund and support a position of manager of strategic investments. This person will help
41 develop, implement, process in order to create a foundation or to enhance the foundation we
42 have for a sustainable economic development and growth in both regions. To further our
43 economic development needs to seek a partnership with other entities in Virginia, which we
44 have been doing, organizations for that matter and some of our neighboring states.

45 I'm working currently with the Governor's office and the chairman to have
46 this Commission potentially enter into a conference hosted by us and we will also have
47 North Carolina and Kentucky as participants to look at best practices of tobacco funds in our
48 three states. Along with this I believe strongly and I've talked to other members of the

1 Commission who feel as strong as I do that at some point this year, this Commission should
2 engage in a long-range strategic retreat somewhere in our regions. My staff will be
3 communicating with you all on suggestions and ideas. Mr. Chairman, if I may, I'd like to
4 add that as a recommendation for this committee to consider to the full Commission.

5 In conclusion, my recommendations to the Citizen Outreach Committee is to
6 work to find ways to streamline our application process and encourage communities to
7 cooperate with one another to capitalize on their individual strengths. In my view, the
8 Commission needs to act more aggressively and to communicate to local governments that
9 they must cooperate with each other if they want to utilize our funds. We must strongly
10 suggest to them to work together and to knock down walls of colloquialisms that we
11 sometimes have to face in this Commission. As you work to achieve these goals, I urge you
12 to remember the words of Henry Ford who said "coming together is a beginning, keeping
13 together is progress and working together is success." Thank you Mr. Chairman.

14 MR. MONTGOMERY: This letter we sent out January 12th, most of you
15 probably got it before but Mr. Fields said he didn't get it. I guess as a starting point what I'd
16 like to do is open this up for discussion and let committee members state their frank feelings
17 about what we're doing right and what we should be doing if we're not doing something and
18 as far as I'm concerned, everything is open for discussion. Mr. Claude Owens is the Vice-
19 Chairman, you have any feeling about what you'd like the Committee to do?

20 MR. OWEN: No, I think the mandate that the Commission chairman and
21 you as the committee chairman have laid out is very appropriate.

22 MR. TAYLOR: Mr. Chairman, I'd like to see us take a look at our different
23 scheduled dates for funding in our areas like in the Southside Economic Development
24 Funding and the Education Funding and I'd like to stop right there with education. I'd like
25 to see these dates changed to help staff as well as help us. This past one we had on January
26 8th, we had something like 45 applications for \$23 million and we had only \$2.4 million and
27 so I'd like to let us take a good look at our education guidelines and also our dates.

28 MR. MONTGOMERY: The thing that concerns me since I've been on the
29 Commission going on five years now is that our charge was the revitalize the economy.
30 That's easier said than done. I'd like to hear your feelings and ideas about how you think
31 we can do that in the two tobacco regions. I'll open the floor for discussion or we could
32 start going around helter skelter if you want too.

33 MR. MOODY: I agree with Mr. Taylor that the education grants we had, we
34 had a lot of grants and very little money to work with. I think education is very important to
35 revitalize the economy. If you can get people educated then that goes a long way to getting
36 the economy going.

37 MR. WALKER: Mr. Chairman, along those lines, I'm not on the education
38 committee but we received that material. I read through as many of them as I could and so
39 many of those applications cross over into other areas. The workforce development, the
40 Workforce Investment Board and literally millions of dollars that those people have access
41 to other than tobacco funds. Some people that apply to us, the only hope they have of
42 getting a grant is to get something from the Tobacco Commission. I don't know if it's right
43 or wrong but when they've got another big pot of money. Workforce development money,
44 I've served on the Workforce Investment Board in our region for many years and they
45 probably have more money available to them than we do with the Tobacco Commission.
46 Then they come in to the tobacco pot of money trying to and I'm not sure if we granted that
47 but at least are applying to take money out of the tobacco funding to an area that already has
48 money designated to them. They had at least two grant applications from the State of

1 Virginia Department of Education. Certainly they had more money available to them than
2 the Tobacco Commission.

3 MR. OWENS: Does the staff have available to them a mechanism of other
4 potential matches for grants to refer people to?

5 MR. CURRIN: Yes Mr. Owens, in fact I'm pleased to report to you that in
6 this particular cycle in that application process we require to have in place language that
7 says do you have other sources of funding part of that. Yes, we work and know about and in
8 fact Secretary Schewel has been complimentary of staff's recommendations to the
9 committee taking those issues and evaluating them. I think the committee has done a very
10 good job in streamlining a lot of those requests and did not meet and working in a
11 comprehensive way with others. We approved and I'm not sure what the exact number was,
12 \$1.6 million \$2.2, we left approximately \$600,000 to be allocated at a future date. From the
13 staff's perspective, I would say, I don't know the exact percentage but it was a strong
14 grouping that we said no to or you need to change it in order to get our support.

15 MR. OWENS: We can use that money to leverage.

16 MR. CURRIN: Absolutely, what you all mandated toward us to keep in
17 mind.

18 MS. TERRY: Leverage is not leverage if they already have other money.
19 Leverage is only leverage if they can't get the money.

20 MR. CURRIN: We had one that was \$8 million and one was \$5 million and
21 we only had \$2.2. Right now talking about education that's a pretty good subject. We have
22 everything from supporting an MBA Program and a four-year college in Southside and we
23 now have a public school in Farmville, Virginia through workforce development issues, to
24 GED. There was a wide range of alphabet requests and we find that in other committees as
25 well. I don't know if that's something that this committee Mr. Chairman wants to suggest.
26 At some point say on the Education Committee, the Education Committee will tell the
27 outside world that we're going to focus on GED resources and that's it and nothing else will
28 be accepted. I guess that's one way to help streamline that process. The flip side of that is
29 that you are excluding other potential worthy requests that may have a different slant but
30 still educated related.

31 MS. TERRY: This is just a thought that occurred to me, I'm not an
32 Education Committee member but the Commission might think of itself as an entity to
33 leverage fund dollars. For example, the Education Committee would decide that it would
34 really be a powerful thing for years and then the Commission were to make grant
35 applications to the Kellogg Foundation, Ford Foundation or other foundations, and say
36 we've identified there are needs and we're prepared to allocate these dollars but it's going to
37 take this to get there. The Commission sought grant money at the Commission level and
38 other monies at the Commission level as opposed to leaving it to the localities. We're kind
39 of doing that in the technology area, we're leveraging Commission dollars with federal
40 dollars. I'm wondering that if you take a couple of million dollars and identify a theme, that
41 couple of million dollars might be multiplied several times and the Commission go from
42 there down to the locality.

43 MR. OWENS: Would that work in economic development if we had money
44 or whatever?

45 MR. CURRIN: Ms. Terry's right, I made an attempt a year ago and wrote 50
46 foundations regional and national and I was very clear in my letter I thought. What I was
47 trying to suggest was a leveraging opportunity. Most of the foundations thought I was
48 asking them for money and I have done some follow up to suggest that's not the case but

1 she's right, there's a tremendous amount of money nationally and regionally that I feel we
2 very much should try to leverage. That's just with the foundation committee. It seems to
3 me Mr. Chairman that maybe some of our universities that are in our regions, Virginia Tech
4 which we supported. They have grant writers on staff and it seems to me maybe they could
5 add some assistance to help us open some doors.

6 MS. TERRY: Let me throw out one idea and I consult with a high tech
7 software maker but I'm not pushing software makers products but I know they make grants
8 in situations where there's opportunities. I think the theme this year has to do with
9 expanding the use and access of computers. One of the things I was wondering was if, for
10 example, on the Southside basis if we were to look at developing partnerships between some
11 public schools, the computer labs in the schools and then in turn using the schools for the
12 adult education labs or GED training at night and we develop a strategic plan where GED
13 training and maybe certification and computer certificates, some things to be operated on a
14 school base basis and tie that in which would involve the need for software and maybe some
15 other needs. I think that could be an interesting concept that would energize and motivate
16 people and multiple uses of building space. In rural areas, people have to drive a long way
17 and in Patrick you've got to drive 30 miles to come to a program. If we could be on the
18 cutting edge out there on a regional wide basis or at least thinking on a regional wide basis
19 about opening some of our schools at night and have broad base stuff in the schools making
20 use of the building, it could be an interesting idea. I don't know if anybody else is doing it.
21 It could be an interesting opportunity for a grant application to the national entity and we're
22 focusing on a broad base level that upgrades computer skills should be something that would
23 be interesting to see what would happen as well as GED and as well as the computer
24 certification programs.

25 MR. PFOHL: Mr. Chairman, if I could add a note of response to Mr. Owens
26 question. On the topic of other sources of funding, Ms. Pack, our assistant, generated a
27 tremendous list of other sources of education funding alone. The education reviewers
28 looked at it before we started reading the applications. So there clearly is a tremendous
29 amount of money out there and how well it's coordinated probably is the real issue. That's
30 an issue not only with the education grants but with economic development and workforce
31 training and some other issues that we have involvement in. Given the range of the
32 education requests alone and the range of things that came before us from basic education to
33 workforce development, to masters degree level programs and other programs and so forth,
34 it's a daunting task to understand what resources are out there. I think there's resources that
35 are specific to each one of those fields. To remind folks that the long-range plan did call for
36 program officers that would have expertise in areas such as education or economic
37 development and so forth. In the interim, what we were trying to do in reviewing the grants
38 and involvement of reviewers that had backgrounds in the education fields and when we go
39 through economic development grants, have reviewers that have a background in various
40 aspects of economic development. I think that's helped us tremendously in understanding
41 what other sources are out there with some of these grants. Having more clarity as far as
42 what are the things that the Commission wants to be involved in I think would be very
43 helpful to the grant staff as we review these requests.

44 MR. CURRIN: Mr. Chairman, if I may echo one point. I meant to bring this
45 up in my formal comments. I have recommended to the Secretary and he has agreed to do
46 this, that once we have in place the director of strategic investments that one of the first
47 things I'd like that person to deal with is to help the Secretary, and he's agreed to hosting a
48 meeting to have all the state agencies and the federal partners that currently have monies

1 going to Southwest and Southside Virginia. My intent or our intent was to really focus on
2 how much is going to these two regions and in my view, how little coordinated it is. It's a
3 big concern of mine. On the state level alone we've got the Department of Community and
4 Housing Development, you've got the Department of Business Assistance, you've got the
5 Virginia Economic Development Partnership, you've got the Department of Agriculture and
6 that comes to mind immediately. The Virginia Employment Commission with the WIA
7 Federal Program. There's about a half a dozen state agencies involving millions of dollars
8 pouring into these regions and we've got millions of dollars and then you've got the federal
9 government. You've got the Economic Development Agency, U.S. Department of
10 Agriculture, U.S.D.A. I think at the Secretarial level and if Mike would host it, he said he
11 would love to do it, we could then start meeting and really getting focused on what you said
12 Mr. Owens and it's a darn good point. Where this money is going, who's talking to who,
13 who should be talking to who and make sure we're leveraging just at the federal and state
14 level. That's something I'll be working closely on with our new director of strategic
15 investments and that's an important thing we need to do.

16 I had one federal agency head tell me that in 20 years in office, he had one
17 call from the Secretary of Commerce in the Commonwealth of Virginia and most of this
18 person's money goes to rural Virginia. That told me something that we needed to
19 coordinate and jumpstart in discussing where all this money is going, how it could be better
20 coordinated.

21 MR. MONTGOMERY: Have we been putting our money where the
22 Committee thinks it should go or is there a better place that we can put money that's not
23 available anywhere. Sometimes some of these projects that we approve I find questionable
24 really.

25 MR. OWENS: Can we take a look at the communities, those communities
26 that are applying for the money know the needs, where that economic impact would be?

27 MR. CURRIN: Yes, sir, basically. We're trusting for the most part though.

28 MR. TAYLOR: I think most of them come through the IDA.

29 MR. OWENS: But not for education funding. The charge of the
30 Commission is to go through education and economic development and industrial
31 development, improve economic conditions in Southside and Southwest, Virginia.

32 MR. MONTGOMERY: It's to revitalize the economy and it really doesn't
33 say much about education.

34 MR. OWENS: But education is key to it, right?

35 MR. MONTGOMERY: That's debatable, it may be and it may not be.

36 MR. WALKER: If the state spends \$16 million dollars on it and we throw in
37 a couple of million on top of that, does it really hit the pot? As much money as we spend on
38 education and the federal government and put a little more that we add to the pot, is it really
39 going to make a difference?

40 MR. TAYLOR: Does the state break down their funding so that each locality
41 will know what's coming into that area? Do they break it down to the point of GED and all
42 this?

43 MR. CURRIN: Mr. Taylor, you bring up a point and Ms. Terry brought up
44 something to me and that is where are the localities and how much more can they come up
45 with to support on the initiatives they're asking us to support, what is their ability to do more
46 than they really are maybe doing. That's something we need to look at, capacity to do more.

47 MS. TERRY: The effort the localities are making.

48 MR. OWEN: Mr. Chairman, the comment on what you just said, are we

1 spending the money or sending the money to the right place? I applaud Carthan's
2 suggestion that the Commission have a planning retreat. I think the process in which our
3 long-range plan was developed, presented and approved is not a pro-active very interactive
4 process by the Commission. It was sort of a separate committee doing it on a snowy
5 evening when a bear majority of the Commission was present at the John Marshall Hotel
6 and it was approved. I don't think either before that or after that has a lot of attention been
7 made to the priorities set in the long-range plan. I think the Commission needs to revisit the
8 plan to examine whether those are in fact or should be our priorities and if they are, have a
9 buy in and then everything from our committee structure to our spending policy be to further
10 those goals and objectives. I believe on the spending side, we have to hope that all the
11 improvements and processes that we are, including the new hire that we're bringing on,
12 proposing to bring on that will get better at making those selective choices for the limited
13 dollars. Somehow it seems to me that we should be, that we ought to be guided by a word
14 like transformation. Doing more of the same in the communities I'm not sure is the right
15 answer. More business parks, more business incubators, more water and sewer. I do
16 sometimes question Ed, a lot of these economic development strategies that come forward
17 from the communities and it's sort of intra region or intra community competition, trying to
18 get that warehouse or distribution center or call center which is still relatively mobile and
19 low paying jobs. As soon as they can do it cheaper in India, those jobs will be gone. It
20 seems to me our limited resources would be best spent if we could find those
21 transformational projects and strategies that might bring a change. I think we more than
22 ever have the attention of the state government, both the Governor and the legislators about
23 our region needing help. I think some of the things they're willing to do in terms of
24 education dollars for example would play into this strategy of transformation.

25 MR. TAYLOR: Something you might be thinking about but I think
26 something we should think about is tourism.

27 MR. OWEN: Yes, I think we really need to be thinking about those things
28 that really make a big bang. In education, and just as an anecdote, I was on the treadmill
29 where they shoot this fluid into you and got talking about this labor issue and it turned out
30 that my nurse who was running that very sophisticated equipment, I'm sure a pretty good
31 paying job, lost her job as a cork cutter at Pillowtex. In some way, shape or form with
32 government assistance, she went back and got retrained and now has this good job. To me
33 that's a well spent investment, perhaps more than just some other strategies on how to spend
34 our education dollars. I'm sort of biased and just sort of looking at things that can make a
35 major difference rather than those marginal things, keep us on the fringe competitively that
36 will probably lose that competitive advantage not far down the road anyway.

37 MR. WALKER: Mr. Chairman, following up on what he just said. The key
38 for that lady was that she had a job. We got people with GEDs and PhDs but they don't
39 have a job and that's why I think we've got to focus. Educating everybody is a great thing
40 but we've got to focus on the job aspect of it no matter what amount of education, we've got
41 to have some jobs for them to go to so they can make a living. Bringing these jobs into
42 Southwest and Southside, Virginia is the most important thing we can do.

43 MR. MONTGOMERY: We've been educating people out our way and
44 they're moving out to Indiana and Michigan and Maryland and other places.

45 MR. OWENS: Well it's the chicken and the egg thing. If you don't have a
46 willing and educated workforce, you're not going to recruit a strong and long lasting
47 industry. It's not going to happen. If they're looking in an area that has a well educated
48 workforce, a willing workforce to relocate and then look at Southside, Virginia which the

1 education level is not that high, they're going to more likely all things being the same, go
2 where the people have the highest level of education and give those people a better quality
3 of life. How do you attract new industry to a place that can't offer these things?

4 MR. FIELDS: If you don't educate them, they're not going to work. Which
5 comes first, the chicken or the egg? We certainly don't want them shooting the dye into
6 Claude if they're not educated to do that.

7 MR. OWEN: Even the notion of industrial recruitment in getting jobs, that's
8 not the game it used to be. People are not building plants, manufacturers in this country are
9 not building plants and relocating plants like they used to and if they do, it's probably
10 overseas, where they contract it out to somebody overseas. Even the notion about where
11 new jobs are going to come from probably needs a bit of rethinking. It's small business,
12 entrepreneurs, tourism and different kind of efforts than just recruiting a manufacturing plant
13 to our region.

14 MR. WALKER: Mr. Chairman, that goes back to what Senator Hawkins
15 keeps repeating over and over again about local ownership. We've got to have people that
16 have the incentive and the know how and we can go out and help them. We've done it
17 several times in this Commission. Some of our best success stories have been home grown
18 people that had an idea and we've helped them get started. Those are the things we're
19 proudest of. Those are the people that want to stay here.

20 MS. TERRY: Just to follow up on what you're saying and a number of you
21 have said, when those who were part of the Search Committee in that process and some very
22 capable people were introduced, one of the people talked about entrepreneurship in North
23 Carolina and some of the things that some of us, including myself might have laughed at
24 which is jams and jellies and developing multi-million dollar industries out of cottages and
25 homes helping with job creation. I know in Patrick and some of these crossroad
26 communities, I know that some businesses have closed down. I went through there the other
27 day there was a sold sign on some houses and a couple from Florida came up and bought
28 two houses and they own 250 apartments in Florida and she wants to do a business there in
29 Critz. She needs to be able to take a download of all that stuff in Florida to be able to do her
30 business in Critz. You can't take a download and you can't make a cell phone call. This
31 woman and her husband have the capacity to create a number of jobs in the community
32 because they are entrepreneurs, self-made and everything. The technology infrastructure
33 that hopefully we're in the process of building will give people an opportunity to do that.
34 Also, and I don't know if we can get our arms around this and the economic development
35 director of Patrick was here, we had a strategic planning routine and one of the big things
36 was promoting entrepreneurship and we don't know how to do it. Job creation because the
37 people in Patrick, there's people in Patrick with money but don't know how to do it. That
38 type of thing would bring in jobs but self-promotion and how to create jobs. Nobody knows
39 better than we do about getting people who can create jobs.

40 MR. MONTGOMERY: In Blacksburg the thing that surprised them was
41 how many jobs were created by Cottage Industries that they were not anticipating. I think
42 that sort of fits in with what you've been talking about. If you've got that high tech capacity
43 and the bandwidth and so forth, it's surprising the people that are coming into Lee County
44 and we've had a couple of retired folks from New Jersey recently and the lady grew up in
45 Williamsburg and her husband is from Jamaica. We've got people from Vermont that
46 bought a house down there. Just look around and people are coming in from everywhere
47 and a lot of them are retirees.

48 MS. TERRY: The other 25 percent, we've had some from Michigan come

1 here and other places and they have money and they want to make a difference and create
2 wealth.

3 I think your foundation question on how do we revitalize the economy is the
4 foundational question, I think everything else flows from that question. That's certainly the
5 foundational question, economic development and how we keep the economy going.

6 MR. CURRIN: Mr. Montgomery, one of the things that he mentioned as an
7 initiative which has been an issue could be one of those niches to address are concerns of
8 retirement, being in an area where retirees want to come and locate and we've talked about
9 that before. We have a study that's been done on that subject and I understand close to
10 being completed and that will be reported at our May meeting. You and the committee will
11 have an opportunity to see the report before then and that will give suggestions and
12 recommendations on how we can position ourselves to be more attractive or get the word
13 out that we are interested in having those kind of folks to come to our communities.

14 MR. MONTGOMERY: You know the rebound or risqué Yankee that goes
15 south and then they come back to North Carolina. They're getting in the Ashville area in
16 western North Carolina and it's getting crowded and they're looking for other places to go to
17 as I understand it and a lot of them aren't staying in Florida. Like Yogi said, it's too
18 crowded and nobody goes there anymore. There's something to be said for that, it's hard to
19 get your arms around it. They bring a lot of money into an area. There's pockets of places
20 around lakes and mountain resorts and places that are very attractive to both regions I think.

21 MS. TERRY: If someone wanted to do small farming, I talked to a number
22 of people about it and Tech is an expert on beef cattle but as I understand it, if you want to
23 look at meat goats which is a very, which there is a market for it or, I know a person that has
24 gone into sheep and they can make more money on it. We don't have the expertise on it but
25 I understand the expertise is in Petersburg at Virginia State. They call themselves lifestyle
26 entrepreneurs, some people have already made their money and they'll build a pasture or
27 small barn and they'll put something in it.

28 MR. MONTGOMERY: They have to have money to start with.

29 MS. TERRY: In fact in Scott County –

30 MR. CURRIN: We helped support that.

31 MS. TERRY: Dr. Redwine, I know in Patrick in particular was an interest in
32 having some expertise, somebody that you can turn to that knows about sheep and goats,
33 particularly now with the cattle situation being the way it is.

34 MR. MONTGOMERY: I'm a fairly good size farmer and majored in
35 agriculture economics at Tech and then went to law school.

36 MR. OWEN: You're going to keep farming until it's all gone.

37 MR. MONTGOMERY: I'm not against putting money into agriculture but I
38 think you have to be very careful because we're getting less and less workers in agriculture
39 doing more and more. We're getting more efficient and we're less than two percent of the
40 population nationwide. It's hard for people in Southwest Virginia to compete with the
41 Midwest.

42 MS. TERRY: I'm not talking about finding somebody to breed stock, I'm
43 talking about folks having easy access to the expertise because I think a lot of these folks
44 want something like 40 acres of pasture and an old house. It's just the lifestyle and they'd
45 buy things from feed stores and its non-money making entrepreneurs generating some work.
46 There's no way unless you're really resourceful and drive to Scott County and meet Dr.
47 Redwine. We don't have any expertise. The expertise is not at Virginia Tech anyway, the
48 expertise in our area is in Virginia State.

1 MR. MONTGOMERY: I think the extension has helped quite a bit and I
2 know those folks. Somebody at the extension got them started and John probably knows
3 more about that than anybody. You know Dr. Redwine.

4 MR. STALLARD: Sure, I've known him all my life and we grew up
5 together. You're talking about his hair sheep project I guess. He's a brilliant type guy. He
6 probably makes more money off the sheep dogs he sells farmers than he does off the meat
7 he sells from the sheep. He understands how things tend to snowball. Selling the sheep and
8 then selling the dogs and they buy the feed at the co-op. It's a niche market for the sheep at
9 the same time promoted with the 4-H Clubs and it's good for children. It's a good niche
10 market and he'll be doing more of the same.

11 MR. MONTGOMERY: Those niche things is what I think Mary Sue's
12 talking about. There are entrepreneur people like that.

13 MR. STALLARD: He's concerned with using the natural resources and
14 that's one thing we really need to look at.

15 MR. CURRIN: Mr. Chairman, if I may make a suggestion, we'll be meeting
16 in February and it might be helpful for us to try to attract a facilitator to work with us as we
17 proceed. I have a selfish reason for suggesting that because I think it would be helpful for us
18 and then we would have a new director of strategic investments on board and that person is
19 going to be very busy dealing with a lot of issues. I think a facilitator would help us because
20 we're talking about a lot of serious issues. Trying to get our arms around that is not easy
21 and I can attest to that. I think a facilitator would help focus our efforts of this committee to
22 get solutions and recommendations on the table. The selfish thing for me is that it would
23 help me prepare for the long term for having a strategic retreat for the full Commission. We
24 could use this as a microcosm of how we could lead up to that meeting because we've got
25 31 people. That's a large group to try to get focused on different issues.

26 The second part to my suggestion would be, if it's okay with you and the
27 committee, between now and the February meeting and early February is when the
28 Chairman suggested we meet again. In the meantime maybe you all could email me ideas
29 and other things and I'd start trying to put that in a framework document that I could give
30 and convey to a facilitator which will help us lead those discussions and we could start
31 getting to some point that you all wanted to do and I think that's the charge. But that's a
32 suggestion to try to move things along and get around issues.

33 MR. MONTGOMERY: I think that's fine and that's a good idea. Are we
34 talking about the 2nd of February?

35 MR. CURRIN: Yes, sir.

36 MR. MONTGOMERY: We probably will need a couple of more meetings
37 between now and the May meeting but not anymore than we have to but how does the 2nd of
38 February which is a Monday, here in Richmond. Does anyone have a conflict with a
39 February 2nd meeting?

40 MR. CURRIN: February 2nd is a Monday.

41 MR. MONTGOMERY: One other thing I want to see what you all think
42 about it, sometimes some of these projects and I'm not an elected member of the House or
43 Senate. Sometimes I wonder if some of these projects aren't guided by a political eye on the
44 electorate and should we address that or how can we, or do you want to talk about it.

45 MR. TAYLOR: What are you saying Ronnie, do you want to take the pork
46 barrel out of it, is that what you're saying? Isn't that the bare facts of what we're talking
47 about here?

48 MR. MONTGOMERY: I'm not sure that's going to revitalize our economy

1 if we go with the pork barrel or stay with it. I'm not saying all of them are pork barrel but I
2 know out our way we've had one or two that, some of the lay people on the committee were
3 too hot on frankly.

4 MR. CURRIN: I think the chairman gave you full latitude to make
5 recommendations you want to make. Let's be candid, you have ten legislators on the
6 Commission to represent the two regions. Of course, depending on how you slice it, but I'll
7 say yes, I think we've had some pork that we have funded, no question about it. We are a
8 political subdivision of Virginia and political is sometimes the operative word. I think we
9 have to be realistic that that's not going to be changed completely.

10 MR. OWEN: I'm speaking for special projects and economic development.
11 When a project comes up in the Southwest, all we can do as a member of Commission and
12 we know so little information about it, sort of really relying on the people that you trust. We
13 look to these officials like Senator Puckett or Delegate Kilgore to say yes, it's a good project
14 for our community so we go along with it because it's up through their area.

15 MR. CURRIN: I'll be honest with you if we're going to put it all on the table
16 here. I have in the past and my staff, if so and so from County X who is head of economic
17 development for that county don't like what we say, they call Senator X or Delegate X and
18 they call Carthan X and I get the old, and I'm sure Mary Sue knows from her experience
19 how she, I think you can appreciate my situation. For the most part, I have a good working
20 relationship with members of the House and Senate and both parties and I try to, with the
21 assistance of the Attorney General's office from time to time, sometimes this is not the right
22 direction but those things happen. Local governments are just as bad as the legislators are at
23 times but when they want something it happens all the time. They'll want to go around the
24 process.

25 MS. TERRY: I'm not crazy about the lobbying at the cocktail parties. When
26 we have receptions and meetings it's one thing to be involved in meeting the people which I
27 think is wonderful to meet with people in the community but I'm not keen the lobbying that
28 goes on which really wouldn't be needed unless you're trying to override someone. Some
29 of it to me is just obscene. Not most of it but some of it. The question is ultimately, what
30 kind of board are we going to be. Are we more like an Appropriations Committee or Board
31 of Visitors from Virginia Tech or are we like the Board of Health? What kind of board are
32 we? What culture do we aspire to have as a committee?

33 MR. CURRIN: Good question.

34 MS. TERRY: When I first came here, I think it was more like the General
35 Assembly in terms of not having adequate notice of meetings sometimes, meetings in
36 violation of the Freedom of Information Act which happened recently with one of our
37 subcommittees. I think we can set the type of culture. Then there are issues as to, there are
38 11 General Assembly members and 20 of us. If in the heart of hearts and I'm not saying, if
39 in the heart of hearts we believe that there should be fewer legislative members and I think
40 we ought to have the courage to say that and have some alternative structure. We're citizens
41 of the Commonwealth and we hold a very important position and spending vast sums of
42 money and I don't think we need to feel like we're captive, does that mean you can change
43 it. That doesn't mean you can change it but also it doesn't mean we can't be independent,
44 that we can't be citizen leaders. I don't think we should leave anyone off the table including
45 who sits on committees and recommendations and whether you're involved in
46 recommendations from your region. What I'm saying is that I commend the Chairman for
47 putting us together and creating this committee and I think it takes a lot of courage on his
48 part. I don't think we should take off the table anything including what the composition of

1 the Commission ought to be. We should think in the best interest of Southside and
2 Southwest.

3 MR. ARTHUR: From the Southside Economic Development Committee
4 standpoint, having been chairman for two sessions, I found that I've been able to say no to
5 projects and won't even let them come to the table, whereas I found that some of the
6 legislative members who have pressure on them and it comes back around if I've said no,
7 then before the week's out, I get a call. We'll have a nice conversation and it may still be
8 no. I think as a citizen member, that I do have the ability to say no without any pressure,
9 other than maybe a couple of friends or acquaintances that are legislators.

10 MS. TERRY: That doesn't always happen. I had conversations with you and
11 voiced that I disagreed with what we were doing, I might as well close the door because
12 they've already got the votes and it's a done deal. The legislative causes went past every
13 rule and went past every process on an issue and went right over.

14 MR. ARTHUR: Ms. Terry you're exactly right, you have to count the votes
15 when they're there.

16 MS. TERRY: I'm saying that the legislators got together and they had
17 enough on the committee to override all the rules and procedures. The question is, is that
18 the way we want to, is that the culture we think is in the best interest of the Commission.

19 MR. ARTHUR: But Ms. Terry, how do you stop the lobbying that you're
20 talking about, that's part of the process and if there's somebody that really wants something,
21 I would talk to you about trying to get it done. That's lobbying I guess in a way.

22 MS. TERRY: That's the situation, it was a special meeting for a special
23 purpose, no written report from the staff and the vote had already been among the
24 legislators. So I guess that can happen. It's not hypothetical and it has happened. It's a
25 question of, the legislators only constitute 11 members.

26 MR. CURRIN: The Governor or the Executive Branch has three direct
27 appointees that are part of the administration. I give the devil its due. The Executive
28 Branch can also play that role behind the scenes.

29 MS. TERRY: In terms of citizen members, citizen members are two-thirds
30 of the Commission, 18. The citizen members may not feel impotent in this case.

31 MR. WALKER: Mr. Chairman, not just the legislators but you mentioned
32 the lobbying and you got a powerful group and we got appointees and members sit on this
33 board and it might be you, I'm not sure, and the Farm Bureau has someone.

34 MR. CURRIN: Mr. Jenkins is with the Farm Bureau and he's their
35 representative.

36 MR. WALKER: That's pretty powerful lobbying. They bring a project to
37 the Commission and they twist their arm and get the thing done and if you vote against
38 them, then they call your community and criticize you in the community. I don't appreciate
39 that type of thing either.

40 MS. TERRY: In that situation we never relied on Virginia Tech. We never
41 relied on the agriculture people at Virginia Tech to look at the project. We could have but I
42 do agree with you.

43 MR. OWEN: The leadership of our committee structure except at the top and
44 all the other committees that have money to spend have legislators as their chairperson.
45 When you see those kind of appointments, anybody is going to say you've got classes of
46 members. You've got the legislators in the leadership positions and dominate the Executive
47 Committee and pull all the strings and then you've got the rest of us.

48 MR. CURRIN: I'll remind you and not to be sounding obvious, this is a

1 body created by the General Assembly of Virginia. In my opinion, if they really wanted it,
2 they could have placed 10 or 11 legislators on it and not have citizen participation.

3 MS. TERRY: The General Assembly would never have gone along with
4 that. I think that fair-minded people, the way they operate sometimes, it would not be a
5 good thing for us because we're developing processes now, but no, the General Assembly
6 would have never gone along with that. I agree with Claude the reality of the super class of
7 members. There's nothing in the statute that creates any differentiation in terms of the
8 responsibility or powers of the members. I've often wondered if it wouldn't be better if our
9 office was in Roanoke. I think that's another thing that would contribute to the legislative
10 centric organization of the Commission is that the office is located in Richmond where
11 during critical times of the year, folks that have the most access to it are legislators.

12 MR. CURRIN: That's also good and bad. I agree with you. During this
13 period of securitization, I can tell you one thing that it would have been a hindrance to not
14 be close to all the different entities like the treasurer, the Attorney General's office and all
15 these things that are here. Remember, they're only here two months out of the year and then
16 they're not. We've done something about that by having regional offices in different parts
17 of the state.

18 MS. TERRY: Think how this might be different if your office was in
19 Roanoke.

20 MR. CURRIN: Roanoke's a great city.

21 MR. FIELDS: I think this whole committee here, if you just go around the
22 table, there's not one in here today that's not wanting to say that there are too many
23 committees or too many, I don't want to say pork barrel committees, too many of the
24 distribution of money committees that are being chaired by the legislators. The only reason
25 that I think that the Southside Economic got Tom to start with, I think they were all so afraid
26 that they said let's put that on Tom Arthur, he's done an outstanding job with it. There are
27 people around this table here today who can chair these committees.

28 MR. CURRIN: If I'm not mistaken, he was vice-chairman when Witt
29 Clement and then he went to the Governor's Cabinet and the Chairman asked Tom to chair
30 the committee.

31 MS. TERRY: We have people around the table that could chair the
32 Commission. Every entity over time rotates the leadership and that's no reflection on the
33 people. Senator Hawkins has done a terrific job but putting everything on the table and not
34 just the structure but the shifting leadership issue I'd like to put on the table and moving the
35 office to Roanoke which would be more centrally located and more accessible to the citizen
36 members. I thought about that a lot and these different committees.

37 MR. FIELDS: I have something else too.

38 MR. MONTGOMERY: Mr. Fields, I'm not surprised.

39 MR. FIELDS: Let's go back to another issue and if we say one closing thing
40 about these committees, there's not one of them I don't think, I don't think all committees should be
41 chaired by legislators, I think we've talked about the very things here today that gives all the
42 credence in the world to some of the special citizens. I want to talk and I let that get past me and we
43 were talking about economic development. I don't want to speak for Southside so much because I
44 don't know what they will do and what their real issues are on that and I don't want to skin your
45 skunk. I think that's the way we say it in the mountains. I think the PDA's play such an important
46 role in economic development. I'm no so sure what, they should come to the judging of the
47 applications and so forth, maybe they shouldn't be judged without some EDA input into that and
48 evidence of it. I hear a lot of crying and belly aching on the Commission that we're not regional

1 enough. They're not saying that often about the Southwest and we're not probably but the PDA's I
2 think will make a real difference in helping the situation for both regions of being regional. They
3 can help their applications I know plus, and I'm not even sure without those people having some
4 input into it that we ought to think about it. I know the PDA boys back there probably don't like
5 that idea of them playing an important role in that but I really feel that way. If a project comes to us
6 that has the PDA input into it most of them are the kind of projects we would be looking for,
7 wasting our time on the other ones.

8 MR. CURRIN: Like all organizations, some are stronger than others. Mr.
9 Fields is correct that we have some very good PDAs that we work with. One of which is in
10 Mr. Field's home area. Some of the others make their localities make the applications and
11 they're not even a player. I've engaged them a little bit but I think that's different
12 personalities involve different structures. It's a good concept and we encourage working
13 with the PDAs. Some are stronger than others.

14 MS. TERRY: We have entities make applications within localities without
15 ever asking the Board of Supervisors about it.

16 MR. CURRIN: That's been clear from you all that this is not money
17 belonging to them.

18 MS. TERRY: But I'm saying much less the PDA.

19 MR. CURRIN: We're going to have non-profits, you're going to have
20 Chambers of Commerce. Do they have to have a veto? Are you suggesting that?

21 MS. TERRY: No, I'm saying if we're getting input but I'm not suggesting
22 veto. You're suggesting veto with the planning district?

23 MR. FIELDS: No, I don't think they want that either.

24 MS. TERRY: I'm just saying input.

25 MR. FIELDS: I think they could very easily say to someone it's not very
26 regional, that's not very good. They're not going to approve this project the way it is, here's
27 the problem and you're not leveraging any funds.

28 MR. CURRIN: On paper that sounds wonderful but in practice, you're going
29 to have some PDAs are going to be a lot stronger and some are saying I don't want to deal
30 with that. That's been our experience. That's something we can ask the Commission to
31 adopt as policy that would be fine.

32 MR. FIELDS: Some find that to be better because it's very involved. In the
33 Southwest right now we want to know.

34 MR. WALKER: Some of the PDAs are very effective and Britt down there
35 used to work for one close to me. We had to start an economic development authority
36 because the PDA was so weak in that area. We have some that are real good like yours and
37 some to the south and east of us, some are weaker than others. It could be a hindrance too
38 and you have to kind of give and take.

39 MR. MONTGOMERY: Any other comments?

40 MR. FIELDS: Yes, special projects. I would like to be clear. Can anyone
41 on the special projects committee anytime they decide to meet, can they just bring an
42 application to special projects?

43 MR. WALKER: That's at the discretion of the chairman.

44 MR. CURRIN: Are you asking when? If we get several or three or more
45 requests, I'll alert the chairman that at some juncture before the next full Commission
46 meeting given enough time for staff review and committee review and then we'll have a
47 meeting. Currently it's not set. As I mentioned earlier, economic development had a set
48 structure where we know in the springtime those grants will be awarded. Special projects is

1 anytime during the fiscal year.

2 MR. FIELDS: If I wanted a project, why would I make an application along
3 with 50 more to be considered when I could make it in the special projects where maybe
4 only four or five were?

5 MR. CURRIN: If it doesn't meet the special projects guidelines that are in
6 place now, it doesn't meet it and it's referred to the appropriate committee. You asked the
7 staff to try to be a policeman and direct that request to the right committee. That does not
8 happen.

9 MS. TERRY: But those guidelines have just been put in place. Up until
10 now, you're exactly right.

11 MR. CURRIN: If you look at the applications for the most part that has still
12 been the case.

13 MR. WALKER: Even before the guidelines, a lot of time the Committee
14 would send them back to agriculture or send them back to Southside Economic
15 Development and they may have ended back up at special projects.

16 MR. FIELDS: Unless it's something that's just adamant or something that is
17 so time sensitive that they should be in some other committee before they go to special
18 projects unless it's very time sensitive. I don't think we should let General Motors leave and
19 go to North Carolina because they haven't been to Southside Economic Development. I
20 think that's a very precarious situation. I hope it is changed.

21 MR. CURRIN: It's in your packet, you all voted for them in October.

22 MS. TERRY: The guidelines that have the effect and they're probably good
23 guidelines that were in effect the first four years will never find another boat. The effect of
24 it is that the projects that were funded by special projects that localities benefited from,
25 many of them will not be funded anymore so those of us that missed it, missed it. I was just
26 following up on the committee meetings and I mentioned this before. I'd like to see us,
27 particularly the committees not back up these meetings and stack them right before a major
28 meeting. For example, we've got this Technology Committee meeting tomorrow morning at
29 9:00 o'clock and I talked to you over the holidays and the committee should be meeting a
30 week before and there's potentially a number of things to deal with. I think that to set up a
31 Technology Committee meeting with the agenda we've got at 9:00 o'clock tomorrow
32 morning, another meeting is set for 9:30, we've got a Search Committee meeting at 9:30 but
33 to allow a half an hour for the Technology Committee when we're bringing up and I had this
34 conversation with you in December and have it again and I'm letting folks know, I think
35 that's not fair to the committee.

36 MR. CURRIN: Sure.

37 MS. TERRY: What it means is that if there's any questions or issues that
38 come up, they can't really be addressed because you've got to make a judgment right there
39 and the Commission's train leaves in an hour. Back in Norton, those of you that didn't
40 make that Technology Committee meeting, there was in that committee meeting a 180-
41 degree reversal of what all of us agreed to at the meeting in Longwood. A 180 degrees
42 reversal. I didn't know it before I walked into the meeting and I made reference earlier to a
43 meeting violation of the Freedom of Information Act and I'm talking about the meeting held
44 before that. There I was in a meeting that came right up against the full Commission
45 meeting making a decision that involved all of Southside Technology with 180 degree
46 change in direction that had been discussed among certain legislative members of the
47 committee and asking repeatedly to go into Executive Session to find out what was going
48 on. The committee structure really doesn't make any difference unless the committees are

1 the ones that make the decision. We're scheduling our committee meetings and we're
2 stacking them in such a way that a lot of the work that ought to be done by the committee is
3 being done by individuals. One of the key issues with technology had to do with the
4 composition of that mid-Atlantic Board. One reason in technology that we had asked in
5 Farmville for a proposal to come with a new board and we were concerned about that or
6 concerned about the membership of the board and the concern was not raised by me. It was
7 agreed by the committee that we would have input into the new board. I learned last week
8 that things were being shopped by certain individuals that the composition of the board and
9 the board would be selected by the Technology Committee. We can have committees all
10 day long but if we don't make clear the prerogatives of the chair and prerogatives of the staff
11 versus prerogatives of the members, we're still not going to be participating as a committee
12 and I wanted to mention that. I wanted to caution that the Freedom of Information Act
13 applies when three or more gather to discuss Commission business and that's as much a
14 violation of the Tobacco Commission and it's happened and you all know it's happened as it
15 is your Board of Supervisors. You play by the rules in your localities and we need to have a
16 culture here at the Commission and play by the rules.

17 MR. WALKER: Can I change the focus here a minute?

18 MR. MONTGOMERY: Sure.

19 MR. WALKER: This has all been real good and we mentioned the
20 revitalization. Can anybody tell us about indemnification and where we stand? A year ago
21 we met down at VIR at the raceway and were given a presentation and the fact that we were
22 on the threshold of the farmers not getting any more money. Then recently I was told we're
23 just beginning to start paying. Can you simplify that for me, if you've got the United Way
24 chart up there and the thermometer was going up.

25 MR. CURRIN: That's a moving target to answer your question Mr. Walker.
26 There was another quota cut announced about a month ago which increases again our
27 indemnification level. In a nutshell in the statute which you all have been given, it says how
28 much the Commonwealth's Tobacco quota is worth. I guess our total response would be a
29 billion two. That hasn't happened yet but there has been another quota cut and therefore our
30 indemnification requirement is going to be about and I think Stephanie advised me a couple
31 of weeks ago, around \$90 million dollars. That's now been added to the pot. Burley or flue
32 cured. There's a lot of issues and potential legislation placed to go back to Congress to
33 absolve and take out the tobacco quota system, federal buyout and altogether that may
34 change what we in Phase I would have responsibility to indemnify. Remember that as a
35 matter of policy, this Commission can decide how much indemnification it wants to put in
36 its budget each year. You all can decide if you want to put in a dollar and that's all you put
37 or a hundred million dollars, it's up to the Commission. We can indemnify for the next
38 hundred years or you had the money next year. I can tell you that the current administration
39 would like to see us put less than that amount or as much as possible and put most of the
40 money in the other charge which is economic revitalization. From the staff's perspective,
41 that's what I would recommend. Now we're here with a bunch of citizens and we also have
42 tobacco growers here and we also have non-tobacco growers here. There's been issues
43 about how much indemnification we should support. Southwest Virginia in the past four
44 years, 80 percent of your money is going to indemnification, 80 percent, 20 percent
45 economic development. Southside vast majority for indemnification or more of a parity.
46 That's been a decision that's been basically decided between the two families, the golden
47 leaf. Southwest has its view on that subject and Southside has its view on it. To cut to the
48 chase Gary, there is still further indemnification that we're responsible for.

1 MR. FIELDS: Carthan, we just finished '98 indemnification in burley. I
2 don't think, flue cured is getting close.

3 MR. CURRIN: Then you've got 1999 and you have to start applying the
4 indemnification dollars, it's a moving target and it's kind of hard to focus on the various cuts
5 and what that means.

6 MR. WALKER: We're not talking just about our money but we're talking
7 about phase I.

8 MR. CURRIN: I'm talking about just our money.

9 MR. FIELDS: Phase II or –

10 MR. WALKER: \$12 and all the money whether phase I or phase II and
11 somebody else gave you a buck on the street, when you got to \$12 you were through.

12 MR. FIELDS: That's what we're indemnifying to this day, 1998.

13 MR. WALKER: The target is \$12, the pounds will move, the amount of
14 pounds will move.

15 MR. FIELDS: If you were cut 400 pounds in '98, you can indemnify for that
16 but you took another cut in '99 of 360 pounds.

17 MR. MONTGOMERY: Where did the \$12 come in?

18 MR. FIELDS: That's something we brought with us from the first time a
19 buyout was ever mentioned.

20 MR. TAYLOR: Wasn't it \$8 for the quota holder and \$4 for the producer?

21 MR. FIELDS: We never accepted it like that, we took it at \$12 per pound,
22 the quota holder and grower.

23 MR. TAYLOR: I thought we agreed on that 8 and 4 but never been –
24 between the quota holder and the producer.

25 MR. WALKER: For assumptions sake, we all know it's not going to happen
26 but just let's say that the federal legislation is passed for the buyout and for some reason
27 they went back and took the 1999 foundation.

28 MR. CURRIN: We still have the obligation for 2000.

29 MR. WALKER: If they took the '99 quota allotment and bought it out, I
30 don't think they will, but if they did, we would be real close to being through.

31 MR. CURRIN: It would help a lot, yes.

32 MR. OWEN: One caveat to that Gary, in the buyout, Phase II is gone and we
33 might have to come back and –

34 MR. CURRIN: - We have said as a matter of policy we'd have to take that
35 up.

36 MR. FIELDS: Other things having gone into that –

37 MR. WALKER: - I'm for helping the farmer but a year ago the presentation
38 was that we needed to put a letter in saying that don't expect too much more.

39 MR. FIELDS: TLAP is another thing. We included TLAP into that tobacco
40 buyout. I want to make a correction Carthan. It's not a tobacco buyout anymore, it's a
41 tobacco give away. Another 15 percent cut this year.

42 MR. CURRIN: This chart speaks to the fact that if we securitized our
43 money, we all decided as a matter of policy that this is what we'd put into the pot. The bulk
44 of the money would go to revitalization. Even though we don't have securitized dollars, we
45 have our annual flows. At least from a budgetary standpoint, when we create the budget we
46 could accept what was recommended or delete or amend. I'm recommending you put fewer
47 dollars in. There's nothing that says we have to. It could be a dollar or a hundred million
48 dollars, that's a policy decision this body makes. There's nothing that says you have to do

1 more. Nobody knows the end of the road, it maybe 50 years to indemnify our entire
2 obligation. It's frustrating because it's a moving target and kind of hard to get your hands
3 around. Ultimately you all decide how much to put into it and no one else can alter that.
4 Our recommendation and I know the secretary feels this way, that most of the money should
5 go to these other issues on economic revitalization. As you all can recall in 2000 the
6 decision was made to put 80 percent of our funds into indemnification over \$60 million from
7 phase I alone went to indemnification. When you add phase II and the two TLAP payments,
8 well over a hundred million in Southside and Southwest to quota holders and growers.

9 MR. OWENS: How much would the quota holder get per year?

10 MR. CURRIN: I don't have the exact figures. It varies but I can get you
11 those figures. It varies in different years. It's also split differently in burley.

12 MR. MONTGOMERY: Could you mail that to the members?

13 MR. CURRIN: Yes.

14 MR. OWEN: It's about 50 million pounds and the budget is \$20 million or
15 \$10 million dollars, it is different for Southside and Southwest.

16 MR. CURRIN: Troutman Sanders would have the updated figures. From
17 2000 on how much quota holders received in burley and also the flue cured area and the
18 growers.

19 MR. ARTHUR: In researching something else this past week, I asked
20 Troutman Sanders about this. In '98 if the farmer was farming a hundred acres of tobacco
21 and now he would have about 50 acres. To date out of indemnification, we paid him
22 \$147,000.

23 MR. CURRIN: That was the time that he was both quota holder and grower?

24 MR. ARTHUR: That's right, quota holder and grower. If the farmer was a
25 quota holder and the grower, we paid him \$147,000.

26 MR. CURRIN: When you add up all the figures from memory and from
27 checks, we're talking about thousands of people and it probably averages \$5 or \$10 or \$12
28 thousand dollars and some as Mr. Arthur correctly points out, had more tobacco, they're
29 going to get more money.

30 MR. MONTGOMERY: The average for Southside is higher than Southwest.

31 MR. STALLARD: It sounds when you give the percentages in the millions
32 and it sounds a little different for flue cured than it does burley. Burley gets the smaller
33 portion of the pot and I don't know if it's 20 percent or 27 percent and we have 37,000
34 payees. It would be interesting to see what the average burley check is.

35 MR. WALKER: If you did it per pound, you'd get a true figure.

36 MR. CURRIN: Typically what would an average burley grower, how much
37 would he be raising in acreage.

38 MR. STALLARD: The majority of quota holders is a thousand pounds,
39 1,000 to 2,000 pounds, maybe he'd get a thousand or less. You've got a lot of people that
40 get little checks \$200 or \$300 dollars.

41 MR. CURRIN: What's the average in Southside?

42 MR. OWEN: Forty acres.

43 MR. FIELDS: Some of them are so small they quit applying.

44 MR. STALLARD: There's a little confusion over burley versus flue cured,
45 in burley you're helping a true poverty region. Talking about lessening the indemnification
46 payments is almost absurd to me in burley. I think it's the best thing this Commission has
47 done to get us out of a bind. Yes, I'd like to find something to do for my community but
48 we've been looking for 15 years, every since smoking went out of style. Let's not forget

1 where the money comes from. We've given a lot of money to colleges which is great but
2 you can't smoke within 100 yards of that college. They look down upon people who smoke
3 that have given them the money. Let's keep in mind the smokers and the people that have
4 worked on these tobacco farms. I know every state is different and I'm glad you're
5 comparing North Carolina and Kentucky. Some of those people are really hurting. I know
6 we talk about regionalization but let's look at who is actually hurting. Maybe the
7 Commission ought to go to the tobacco farmers and see if this is really helping and touching
8 those people who are down the most.

9 MR. FIELDS: They're not the only ones that get hurt. When the farmers are
10 hurting up there, there's a whole lot of other people that are hurting and especially up in
11 Nicholasville. The fertilizer dealers are hurting, equipment dealers, everybody gets hurt by
12 that. Don't ever get it in your mind that every quota cut means there's little or no effect. If
13 anyone would come out there, you'd see that a lot of people get hurt out of all of that.

14 MR. CURRIN: That's true.

15 MR. STALLARD: I agree we need to do things on a regional basis. I wish
16 we could go to a tobacco farm and see who you're helping. Sometimes people are out of
17 touch and these people, many of them are hurting. I wish we could do something to help.

18 MR. FIELDS: John, in addition to that farmer taking a cut, the whole
19 community does in addition to that farmer because John Stallard doesn't have the money to
20 spend at Johnny's Market, everybody gets hurt.

21 MR. FIELDS: Every quota that, don't get it in your mind that every quota
22 cut means less of those little sticks of dynamite comes out of there, there's a lot of other
23 people that get hurt out of all of that. The whole community and that's why this
24 Commission was formed to start with because it only grows in the Southside and Southwest.

25 MR. MONTGOMERY: Are we about done today?

26 MR. FIELDS: I was going to make a motion that we stop right there until
27 February 2nd.

28 MS. TERRY: I'd like to raise one other specific situation. We've talked
29 about this and sometime back, sometime back I got a notice that the Executive Committee is
30 going to go to Tech, I don't know, I guess it was bioinformatics and I don't know what that
31 is and I think those types of things are very important. I wish I could have gone but there
32 wasn't sufficient notice, it wasn't on the agenda with my plans. It was the Executive
33 Committee.

34 MR. CURRIN: I take issue with how much notice you had Ms. Terry.
35 Everybody on the Commission was notified to be there.

36 MS. TERRY: I understand but those types of meetings I think are important
37 and they need to be prescheduled as part of the agenda, part of our annual agenda. First of
38 all, I don't know why the Executive Committee would be going and not the Technology
39 Committee would not have been going because it has to do with process.

40 MR. CURRIN: It certainly does Ms. Terry and at your first meeting as I
41 recall when you joined the Commission over a year ago in Abingdon, I think Virginia Tech
42 gave a presentation about bioinformatics and the very issues are on our website and it's been
43 there for over a year. As far as that meeting goes, that was a meeting that was asked by
44 Virginia Tech specific to the committee to have a joint meeting with their Virginia
45 Bioinformatics Joint Committee. Rarely does the Executive Committee meet that often and
46 it was an opportunity to notify at least an important committee of this Commission to talk
47 about the process. I think the entire Commission was asked or told of this committee and
48 everybody was there. We had other members, Mr. Moody was there, other members made

1 the decision to go.

2 MS. TERRY: Obviously, I hit a nerve Carthan and I didn't mean to –

3 MR. CURRIN: I get a little agitated with all due respect. I get a little
4 agitated when things are directed to me and sometimes it seems a little personal and if you
5 want to check the facts, let's check them all and see how much notice you had. I take issue
6 with the fact that I'm not getting enough notice.

7 MS. TERRY: The issue has to do with process and setting time aside. It also
8 has to do with who in this Commission would be the appropriate committee to meet with
9 Virginia Tech on this issue. This Commission has made an enormous investment and I
10 don't know how much other members know about it.

11 MR. CURRIN: I welcome the new director of Strategic Investments. I will
12 delegate to him the ability to deal with this issue, Technology Committee, how's that? I just
13 think with all respect to Ms. Terry, who I have a lot of respect for, I do my very best in this
14 process and if we made a mistake I apologize. As far as the Executive Committee –

15 MR. MONTGOMERY: I don't think she was, have we got anything else to
16 do today?

17 MR. TAYLOR: Mr. Chairman, I make a motion we adjourn.

18 MR. OWENS: I'll second it.

19 MR. MONTGOMERY: We're adjourned.
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21
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23 PROCEEDINGS CONCLUDED
24

25 CERTIFICATE OF THE COURT REPORTER
26
27
28

29 I, Medford W. Howard, Registered Professional Reporter and Notary Public
30 for the State of Virginia at large, do hereby certify that I was the court reporter who took
31 down and transcribed the proceedings of the Citizen/Outreach Committee meeting when
32 held on Monday, January 12, 2004 at 2:00 p.m. at the Seventh and Franklin Building,
33 Richmond, Virginia 23219.

34 I further certify this is a true and accurate transcript to the best of my ability
35 to hear and understand the proceedings.

36 Given under my hand this 19th day of January 2004.
37
38
39

40 Medford W. Howard
41 Registered Professional Reporter
42 Notary Public for the State of Virginia at Large
43 MY COMMISSION EXPIRES: October 31, 2006